



PEAK MINERALS, INC.

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May 9, 1989

Mr. Wayne Hedberg
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DIVISION OF
OIL, GAS & MINING

Dear Wayne,

I just wanted to take a few moments and thank you and the Division for the reclamation workshop held in Cedar City last week. The workshop was very informative and helpful. It is clear that you (the Division) have your hands full getting all the operators up to speed with the permitting process. Having come from the coal industry, I find your straight forward requirements refreshing.

As we discussed at the meeting, enclosed are some photographs of our property showing the disturbance that currently exists. I took these photographs on May 3, 1989, the day after the workshop. The following paragraphs will explain what is shown in the photographs.

Photo Number 1 is a base photograph of the mining area contained within our Small Mine Permit. The areas marked "A", "B", "C", and "D" are shown in more detail in the following photographs.

Photo Number 2 shows the area in Photo Number 1 marked as "A" looking down from above the area. This area was previously disturbed, however it is an area that we have used and will continue to use. It simply is a pad for trucks to be loaded and two stockpiles of Azomite left by previous operators. Area "E" is a stockpile of 3/32 inch minus material, area "F" is the truck loading loop, and area "G" is a stockpile of 2 inch material. We loaded material from areas "E" and "G" last December. It is common to find pickup tracks near area "E" where local farmers come in and "borrow" Azomite for their gardens and farms. Unless you tell us differently, we will consider this area part of our 5 acres of disturbance.

Photo Number 3 (See Photo Number 1, "B") shows the major disturbance within the mining area. This is the old highwall that is the result of previous operations over the past 40 years. We do not want to be responsible for the reclamation of this highwall, until we incorporate it into a future mining plan. This highwall is about 50 feet high. It should be noted that the undisturbed area to the north (left) actually is a cliff formation, not much different from the highwall.

Photo Numbers 4 and 5 (See Photo Number 1, "C") is the area where we are currently mining and will continue to mine in the near future. Like the pad in Photo Number 2, this area was also disturbed prior to our involvement. During our recent mining (the week of April 3, 1989) we simply ripped material on the bench marked "H" and pushed it off the bench onto the pad at location "I". Photo Number 5 shows the disturbance on bench "H". We disturbed a small portion of this area when we mined approximately 220 tons during our recent mining. The area above bench "H", which could be considered a highwall, was disturbed by previous operators and therefore is not our responsibility (unless we hear differently from you).

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Photo Number 6 (see Photo Number 1, "D") shows an old shed and hopper left on the site by previous operators. We do not expect to ever use either of these structures and we will consider these as previous disturbance. This photograph also shows the natural cliffs adjacent to the highwall.

Photo Number 7 shows an abandoned office trailer, again from a previous operator. We will consider this as previous disturbance.

Photo Numbers 8 and 9 show how little topsoil is in the area we plan to mine. These photographs were taken above bench "H" (see Photo Number 4). In the past no topsoil was salvaged. If possible we will try and salvage topsoil that is available, however, as you can see this may be impossible.

I hope these photographs adequately show you the disturbance that currently exists on the property. The "new" disturbance we have caused (loading material from the stockpiles and from the mining we did last month) is minimal. We will keep you posted as to any additional mining we will be scheduling in the future. I am also planning to survey the mine area later this summer. This survey will give an accurate measure as to the area we have actually disturbed during our involvement with Azomite. I will forward the findings of the survey as soon as the data is available.

Please feel free to call me should you have any questions or comments. We are looking forward to getting the mine into real (more than 220 tons) production in the near future, and we want to continue to have a good working relationship with the Division. One final item, please pass my thanks on to Lowell, Scott, and Holland.

Sincerely,

A handwritten signature in black ink, appearing to read 'Clyde Borrell', written over a horizontal line.

Clyde Borrell
Vice President-Engineering

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